

CITY OF BLUFFDALE, UTAH

**Basic Financial Statements and
Supplementary Information**

Year Ended June 30, 2020

CITY OF BLUFFDALE, UTAH

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Bluffdale, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the pension schedules on pages 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ABMC, LLC

December 2, 2020



THE CITY OF BLUFFDALE

2222 W 14400 South • Bluffdale, Utah 84065 • (801) 254-2200 • Fax (801) 253-3270

Management's Discussion and Analysis

As management of the City of Bluffdale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$135,325,350. The City's assets are mainly comprised of capital assets and funds legally restricted in their use (*restricted net position*).
- The government's total net position increased by \$19,639,525 during 2020. The increase in net position can be attributed to major infrastructure additions and expending less than the budgeted amount in the general fund and increases in various fee revenues.
- The unassigned fund balance for the general fund was \$2,110,292 or approximately 22 percent of total general fund expenditures. The fund balance for the general fund increased by \$522,028 from the previous year. This increase was due to revenues being higher than expected.
- The City's total outstanding long-term liabilities experienced a decrease of \$1,519,866. The decrease was attributed to normal debt service payments and to a small increase in the net pension liability.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities and deferred outflows and inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Overview of the Financial Statements (Continued)

Government-wide financial Statements (Continued) Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to cover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and public works, parks and recreation, cemetery, and garbage. Water is the only business-type activities of the City.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Redevelopment Agency of Bluffdale City (RDA), a legally separate entity for which the City is financially accountable. Financial information for this *component unit* is blended with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains five individual governmental funds. The four major governmental funds include the General Fund, the Redevelopment Agency Special Revenue Fund, the Local Building Authority Special Revenue Fund, and the Capital Projects Fund. The one non-major governmental fund is the Special Improvement District Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, improvement district special revenue fund, redevelopment agency special revenue fund, local building authority special revenue fund, and the capital improvements fund, which are all considered major funds. The basic governmental fund financial statements can be found on pages 15-18 of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Overview of the Financial Statements (Continued)

Proprietary funds. The City maintains one proprietary fund, the water fund, that is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The water fund is a major fund. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains one fiduciary fund for deposits made by contractors to ensure that building requirements are met. The accounting for fiduciary funds is very similar to the accounting used for proprietary funds. The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with non-major funds are presented as supplementary information. Also included are budget to actual comparisons for the special revenue funds and the capital projects fund.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$135,325,350. The largest portion (74.83 percent) of the City's net position is composed of capital assets. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets is reported net of any related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (18.39 percent of total assets) is the portion of total assets which can be used for future expenditures with no restrictions. As in contrast with restricted net position (6.78 percent), which is the portion restricted for a specific purpose, in this case for debt service and capital projects.

City of Bluffdale's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 43,446,485	\$ 34,008,612	\$ 3,176,746	\$ 6,359,639	\$ 46,623,231	\$ 40,368,251
Capital assets	82,708,722	73,676,122	28,624,563	22,086,732	111,333,285	95,762,854
Total assets	<u>126,155,207</u>	<u>107,684,734</u>	<u>31,801,309</u>	<u>28,446,371</u>	<u>157,956,516</u>	<u>136,131,105</u>
Deferred outflows of resources						
Deferred related to pensions	305,911	600,310	76,478	150,078	382,389	750,388
Other liabilities	725,599	917,496	793,271	665,675	1,518,870	1,583,171
Long-term liabilities outstanding	7,563,097	8,637,419	3,276,182	3,657,425	10,839,279	12,294,844
Total liabilities	<u>8,288,696</u>	<u>9,554,915</u>	<u>4,069,453</u>	<u>4,323,100</u>	<u>12,358,149</u>	<u>13,878,015</u>
Deferred inflows of resources						
Deferred property tax revenue	10,338,898	7,288,326	-	-	10,338,898	7,288,326
Deferred related to pensions	253,206	23,461	63,302	5,866	316,508	29,327
Total deferred inflows of resources	<u>10,592,104</u>	<u>7,311,787</u>	<u>63,302</u>	<u>5,866</u>	<u>10,655,406</u>	<u>7,317,653</u>
Net position:						
Invested in capital assets, net						
of related debt	75,751,764	66,060,558	25,509,563	18,688,732	101,261,327	84,749,290
Restricted	9,174,128	2,855,189	-	-	9,174,128	2,855,189
Unrestricted	22,654,426	22,502,595	2,235,469	5,578,751	24,889,895	28,081,346
Total net assets	<u>\$ 107,580,318</u>	<u>\$ 91,418,342</u>	<u>\$ 27,745,032</u>	<u>\$ 24,267,483</u>	<u>\$ 135,325,350</u>	<u>\$ 115,685,825</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Government-wide Financial Analysis (Continued)

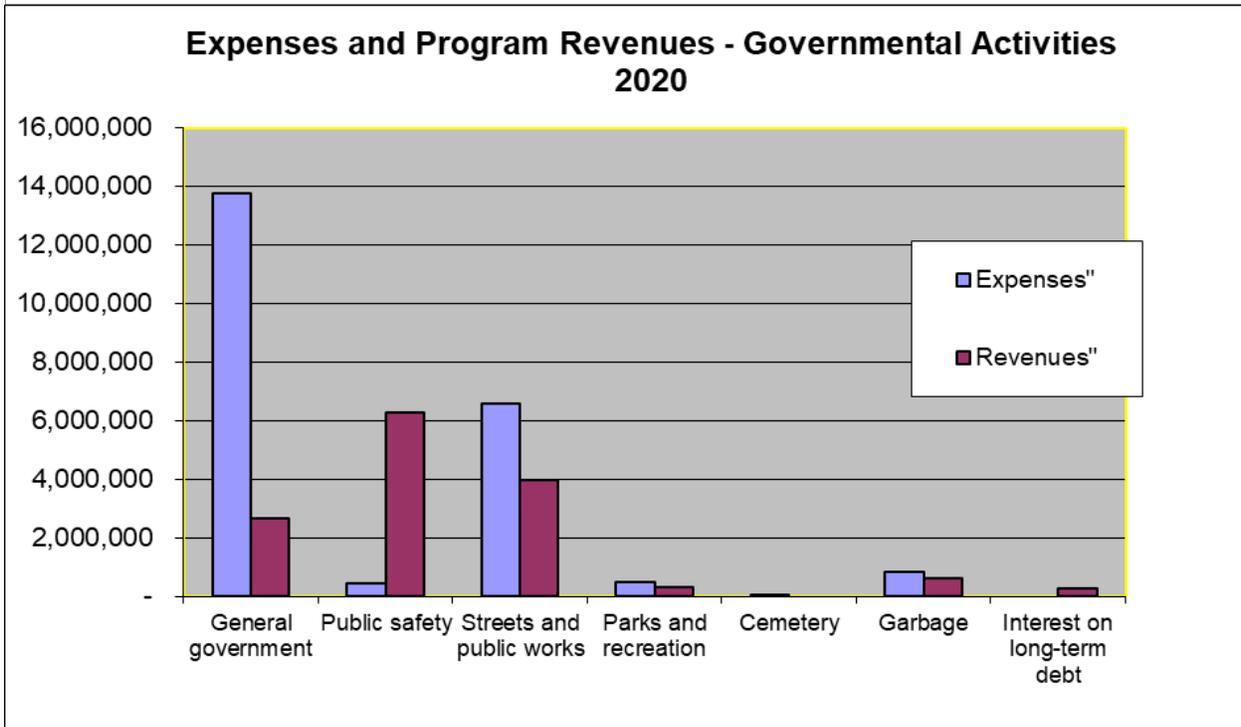
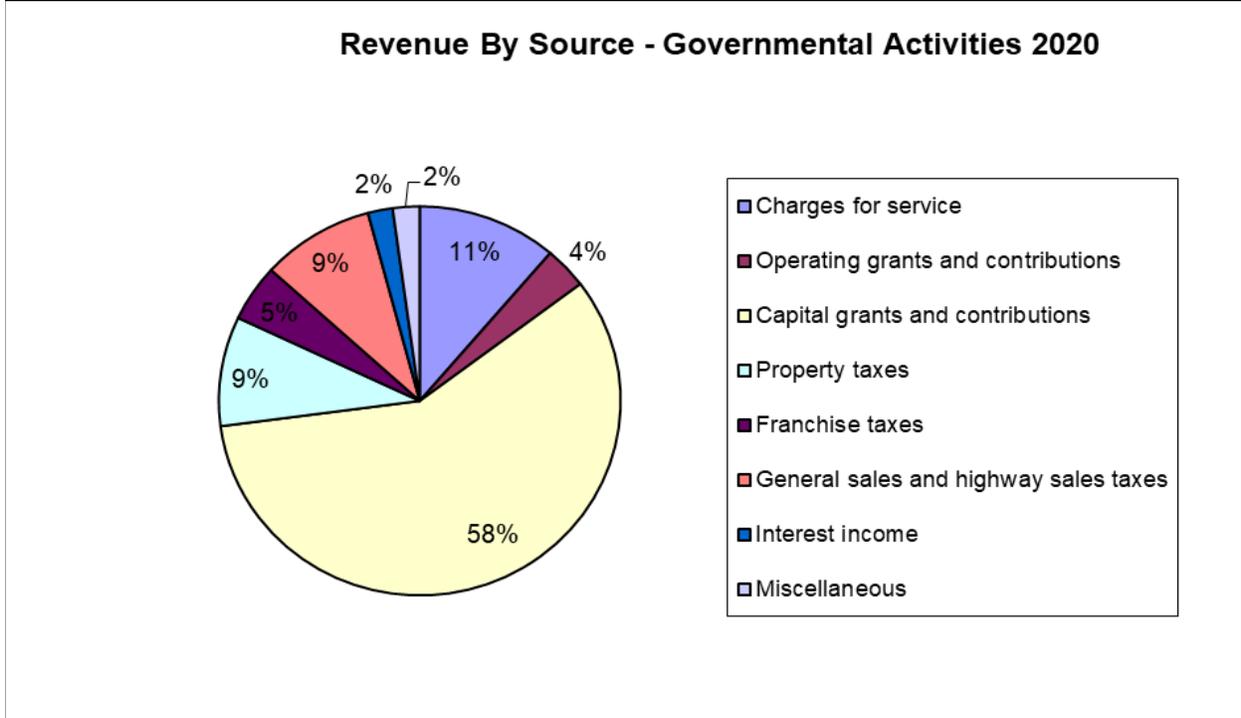
Governmental activities. Governmental activities increased the City's net position by \$16,161,976 accounting for 82 percent of the total growth in net position. Business-type activities increased the City's net position by \$3,475,549 accounting for 18 percent of the total growth in net position. This increase in both activities was the result of investment in infrastructure for the City.

City of Bluffdale's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 3,413,434	\$ 3,892,692	\$ 7,476,525	\$ 5,834,793	\$ 10,889,959	\$ 9,727,485
Operating grants and contributions	1,057,102	598,420	-	-	1,057,102	598,420
Capital grants and contributions	17,639,080	12,197,807	1,296,507	787,640	18,935,587	12,985,447
General revenues:						
Property taxes	2,758,695	2,117,159	-	-	2,758,695	2,117,159
Sales tax and highway tax	2,760,160	2,407,504	-	-	1,431,782	2,407,504
Franchise taxes	1,431,782	1,292,037	-	-	2,760,160	1,292,037
Interest income	604,166	705,279	67,605	109,770	671,771	815,049
Other	662,459	898,787	-	-	662,459	898,787
Total revenues	<u>30,326,878</u>	<u>24,109,685</u>	<u>8,840,637</u>	<u>6,732,203</u>	<u>39,167,515</u>	<u>30,841,888</u>
Expenses:						
General government	2,686,361	3,070,556	-	-	2,686,361	3,070,556
Public safety	6,271,996	5,772,015	-	-	6,271,996	5,772,015
Streets and public works	3,989,589	3,892,584	-	-	3,989,589	3,892,584
Parks and recreation	331,367	1,412,421	-	-	331,367	1,412,421
Cemetery	-	1,157	-	-	-	1,157
Garbage	642,215	571,455	-	-	642,215	571,455
Interest on long-term debt	243,374	278,970	-	-	243,374	278,970
Water	-	-	5,363,088	4,990,584	5,363,088	4,990,584
Total expenses	<u>14,164,902</u>	<u>14,999,158</u>	<u>5,363,088</u>	<u>4,990,584</u>	<u>19,527,990</u>	<u>19,989,742</u>
Increase in net position	16,161,976	9,110,527	3,477,549	1,741,619	19,639,525	10,852,146
Net position, beginning	91,418,342	82,307,815	24,267,483	22,525,864	115,685,825	104,833,679
Net position, ending	<u>\$ 107,580,318</u>	<u>\$ 91,418,342</u>	<u>\$ 27,745,032</u>	<u>\$ 24,267,483</u>	<u>\$ 135,325,350</u>	<u>\$ 115,685,825</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Government-wide Financial Analysis (Continued)



CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Government-wide Financial Analysis (Continued)

Business-type activities. Business-type activities increased the City's net position by \$3,477,549 accounting for 18 percent of the total growth in the government's net assets. The key elements of this major increase are revenues exceeding expenses. Infrastructure was developed for subdivisions (water lines) paid for by that developer. The water fund is the only business-type activity. Charges for services were the only source of revenue in the water fund.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,424,549 an increase of \$6,560,551 in comparison with the prior year. Of the ending fund balance, 6.50 percent (\$2,110,291) constitutes unassigned fund balance, which is available for spending at the government's discretion. The restricted portion of fund balance is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay for the retirement of debt service (\$540,550),) construction of capital assets funded by impact fees (\$7,886,477), 3) to pay for Class "C" road projects (\$747,101). The assigned fund balance to the Special Revenue funds is \$17,878,914 and to the Capital Projects fund is \$3,261,215.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,110,292 while total fund balance was \$2,857,393. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22 percent of total general fund expenditures.

The City's total general fund balance experienced a \$522,028 increase during the current fiscal year. The majority of the increase is due to an increase in sales tax and building permit revenue.

The capital projects fund has a total fund balance of \$11,290,244. Amounts restricted are 1) \$142,552 for retirement of debt, 2) \$3,261,215 for various capital projects at the City's discretion, and 3) \$7,886,477 restricted for construction of capital assets funded by impact fees. The fund balance decreased \$1,570,240 from the previous year.

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Financial Analysis of the Government's Funds (Continued)

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements business-type activities, but in more detail.

Net position of the water fund at the end of the year was \$27,745,032. Net position increased \$3,477,549 from the preceding year. The majority of the increase was due to capital contributions and infrastructure due to residential development and growth.

General Fund Budgetary Highlights

The original budget and the final amended budget overall totals were the same in total except for minor adjustments that were made from department to department budgets during the course of the year to more accurately reflect the budgetary needs of those departments.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$136,350,548 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, distribution and collection systems, and construction in process. The City's capital assets increased \$40,587,694 from the preceding year. The majority of the increase was from infrastructure from developers' contributions and investment the water distribution system.

City of Bluffdale's Capital Assets, Net

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 17,707,997	\$ 14,197,507	\$ 2,383,366	\$ 928,780	\$ 20,091,363	\$ 15,126,287
Buildings	14,416,361	12,168,589	-	-	14,416,361	12,168,589
Infrastructure	69,985,401	45,607,703	-	-	69,985,401	45,607,703
Water distribution system	-	-	25,934,292	20,845,919	25,934,292	20,845,919
Machinery and equipment	5,616,226	1,702,323	306,905	312,033	5,923,131	2,014,356
Total	<u>\$ 107,725,985</u>	<u>\$ 73,676,122</u>	<u>\$ 28,624,563</u>	<u>\$ 22,086,732</u>	<u>\$ 136,350,548</u>	<u>\$ 95,762,854</u>

CITY OF BLUFFDALE, UTAH
Management's Discussion and Analysis (Continued)
June 30, 2020

Capital Assets and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City had \$10,252,611 in outstanding long-term debt. The City's total debt decreased \$944,524 during fiscal year 2020. The decrease was due to normal debt service payments.

City of Bluffdale's Long-term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
SID revenue bonds	\$ -	\$ 373,000	\$ -	\$ -	\$ -	\$ 373,000
Sales tax revenue bonds	529,000	658,000	-	-	529,000	658,000
Lease revenue	6,265,000	6,415,000	-	-	6,265,000	6,415,000
Premium	162,958	169,564	-	-	162,958	169,564
Water revenue	-	-	3,115,000	3,398,000	3,115,000	3,398,000
Vacation payable	136,805	143,688	43,848	39,883	180,653	183,571
Total	<u>\$ 7,093,763</u>	<u>\$ 7,759,252</u>	<u>\$ 3,158,848</u>	<u>\$ 3,437,883</u>	<u>\$ 10,252,611</u>	<u>\$ 11,197,135</u>

Economic Factors and the Next Year's Budgets and Rates

As part of the budget process each year, the City performs an evaluation to project future revenues for the coming fiscal year. A major aspect of this evaluation is projecting property tax and sales tax revenues. Property taxes were increased by 12.1% for the FY 2020 budget to keep up with rising prices and increased costs. Building permits have increased dramatically over the last couple of years due to several large-scale developments. One project is a 294-acre master planned community development which will house about 1,900 housing units. The remaining build-out of this community is expected to take 2 to 3 years. The final phase of construction has begun in the southern section of the project. Another project is a 100-acre development that is expected to take 5 to 7 years to build out. The City is taking progressive steps to ensure that these communities are developed in a safe and responsible manner.

Sales tax revenues in the past year have shown an above average gain, and the City ranks near the top of sales tax growth of 62 cities surveyed.

Requests for Information

The financial report is designed to provide a general overview of the City for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, Mark Reid, 14350 South 2200 West, Bluffdale Utah 84065, or email, mreid@bluffdale.com.

CITY OF BLUFFDALE, UTAH
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 22,766,694	\$ 921	\$ 22,767,615
Receivables:			
Property and other taxes	2,201,834	-	2,201,834
Accounts	223,775	954,065	1,177,840
Grant	95,000	-	95,000
Due from other governments	8,944,454	-	8,944,454
Investment in water stock and rights	40,600	1,635,755	1,676,355
Restricted cash	9,174,128	586,005	9,760,133
Capital assets:			
Land	17,707,997	2,383,366	20,091,363
Buildings	14,416,361	-	14,416,361
Autos and trucks	-	882,532	882,532
Machinery and equipment	5,616,226	232,032	5,848,258
Distribution and collection systems	-	37,286,095	37,286,095
Infrastructure	69,985,401	-	69,985,401
Accumulated depreciation	(25,017,263)	(12,159,462)	(37,176,725)
Total assets	126,155,207	31,801,309	157,956,516
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	305,911	76,478	382,389
Total deferred inflows of resources	305,911	76,478	382,389
LIABILITIES			
Accounts payable	613,524	622,895	1,236,419
Accrued interest payable	83,161	-	83,161
Accrued liabilities	28,914	75,376	104,290
Due to other fund	-	95,000	95,000
Non-current liabilities:			
Due within one year	388,500	319,844	708,344
Due in more than one year	6,705,263	2,839,004	9,544,267
Net pension liability	469,334	117,334	586,668
Total liabilities	8,288,696	4,069,453	12,358,149
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	10,338,898	-	10,338,898
Deferred inflows relating to pensions	253,206	63,302	316,508
Total deferred inflows of resources	10,592,104	63,302	10,655,406
NET POSITION			
Net investment in capital assets	75,751,764	25,509,563	101,261,327
Restricted for:			
Debt service	540,550	-	540,550
Capital projects	8,633,578	-	8,633,578
Unrestricted	22,654,426	2,235,469	24,889,895
Total net position	\$ 107,580,318	\$ 27,745,032	\$ 135,325,350

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<u>GOVERNMENTAL ACTIVITIES</u>						
General government	\$ 2,686,361	\$ 2,580,484	\$ -	\$ 11,181,931	\$ 11,076,054	\$ 11,076,054
Public safety	6,271,996	-	454,727	-	(5,817,269)	(5,817,269)
Streets and public works	3,989,589	-	602,375	5,983,790	2,596,576	2,596,576
Parks and recreation	331,367	-	-	473,359	141,992	141,992
Cemetery	-	5,710	-	-	5,710	5,710
Garbage	642,215	827,240	-	-	185,025	185,025
Debt service - interest and fiscal charges	243,374	-	-	-	(243,374)	(243,374)
Total governmental activities	14,164,902	3,413,434	1,057,102	17,639,080	7,944,714	7,944,714
<u>BUSINESS-TYPE ACTIVITIES</u>						
Water	5,363,088	7,476,525	-	1,296,507		\$ 3,409,944
Total business-type activities	5,363,088	7,476,525	-	1,296,507		3,409,944
<u>GENERAL REVENUES</u>						
Taxes:						
Property taxes					2,758,695	-
Franchise taxes					1,431,782	-
General sales and highway sales taxes					2,760,160	-
Interest income					604,166	67,605
Gain on sale of assets					6,470	-
Miscellaneous					655,989	-
Total general revenues					8,217,262	67,605
Change in net position					16,161,976	3,477,549
Net position - beginning					91,418,342	24,267,483
Net position - ending					\$ 107,580,318	\$ 27,745,032
						\$ 135,325,350

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Balance Sheet – Governmental Funds
June 30, 2020

	General	Special Revenue Funds		Capital Projects Fund	SID Special Revenue Fund (non-major)	Totals Governmental Funds
		Redevelopment Agency	Local Building Authority			
ASSETS						
Cash and cash equivalents	\$ 1,190,743	\$ 17,801,803	\$ 127,966	\$ 3,646,182	\$ -	\$ 22,766,694
Restricted cash and investments	747,101	-	397,998	8,029,029	-	9,174,128
Receivables:						
Sales, property and franchise taxes	2,201,834	-	-	-	-	2,201,834
Accounts	223,775	-	-	-	-	223,775
Intergovernmental	155,416	8,789,038	-	-	-	8,944,454
Due from other funds	122,423	-	-	-	-	122,423
Total assets	<u>\$ 4,641,292</u>	<u>\$ 26,590,841</u>	<u>\$ 525,964</u>	<u>\$ 11,675,211</u>	<u>\$ -</u>	<u>\$ 43,433,308</u>
LIABILITIES						
Liabilities:						
Accounts payable	\$ 205,125	\$ 2,271	\$ 21,161	\$ 384,967	\$ -	\$ 613,524
Accrued liabilities	28,914	-	-	-	-	28,914
Due to other funds	-	27,423	-	-	-	27,423
Total liabilities	<u>234,039</u>	<u>29,694</u>	<u>21,161</u>	<u>384,967</u>	<u>-</u>	<u>669,861</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax and intergovernmental revenue	1,549,860	8,789,038	-	-	-	10,338,898
Total deferred inflows of resources	<u>1,549,860</u>	<u>8,789,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,338,898</u>
FUND BALANCES						
Restricted for:						
Retirement of debt	-	-	397,998	142,552	-	540,550
Impact fees	-	-	-	7,886,477	-	7,886,477
Class C road projects	747,101	-	-	-	-	747,101
Total restricted	<u>747,101</u>	<u>-</u>	<u>397,998</u>	<u>8,029,029</u>	<u>-</u>	<u>9,174,128</u>
Assigned to:						
Special revenue funds	-	17,772,109	106,805	-	-	17,878,914
Capital projects fund	-	-	-	3,261,215	-	3,261,215
Total assigned	<u>-</u>	<u>17,772,109</u>	<u>106,805</u>	<u>3,261,215</u>	<u>-</u>	<u>21,140,129</u>
Unassigned	2,110,292	-	-	-	-	2,110,292
Total fund balances	<u>2,857,393</u>	<u>17,772,109</u>	<u>504,803</u>	<u>11,290,244</u>	<u>-</u>	<u>32,424,549</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,641,292</u>	<u>\$ 26,590,841</u>	<u>\$ 525,964</u>	<u>\$ 11,675,211</u>	<u>\$ -</u>	<u>\$ 43,433,308</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Total Governmental Funds (page 15)	\$ 32,424,549
Capital assets and water stock used in governmental activities are not financial resources and therefore, are not reported in the funds.	82,749,322
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,593,553)</u>
Net Position - Governmental Activities (page 13)	<u><u>\$ 107,580,318</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>			Capital Projects Fund	SID Special Revenue Fund (non-major)	Totals Governmental Funds
	<u>General</u>	<u>Redevelopment Agency</u>	<u>Local Building Authority</u>			
REVENUES						
Taxes	\$ 6,445,020	\$ 505,617	\$ -	\$ -	\$ -	\$ 6,950,637
Special assessments	-	-	-	2,898,510	-	2,898,510
Licenses and permits	1,102,744	-	-	-	-	1,102,744
Charges for services	1,232,576	-	-	-	-	1,232,576
Intergovernmental	1,057,102	8,283,421	-	473,359	-	9,813,882
Garbage	827,240	-	-	-	-	827,240
Fines and forfeitures	245,164	-	-	-	-	245,164
Cemetery	5,710	-	-	-	-	5,710
Interest	106,371	280,612	9,614	201,829	5,740	604,166
Miscellaneous	217,955	-	404,004	34,030	-	655,989
Total revenues	<u>11,239,882</u>	<u>9,069,650</u>	<u>413,618</u>	<u>3,607,728</u>	<u>5,740</u>	<u>24,336,618</u>
EXPENDITURES						
General government	2,791,576	67,591	34,735	-	-	2,893,902
Public safety	3,708,054	75,599	-	-	-	3,783,653
Streets and public works	1,677,644	395,903	-	6,486,442	-	8,559,989
Parks and recreation	931,851	-	-	50,300	-	982,151
Garbage	642,215	-	-	-	-	642,215
Debt service:						
Principal retirement	-	-	150,000	129,000	373,000	652,000
Interest and fiscal charges	-	-	240,363	12,226	16,038	268,627
Total expenditures	<u>9,751,340</u>	<u>539,093</u>	<u>425,098</u>	<u>6,677,968</u>	<u>389,038</u>	<u>17,782,537</u>
Excess of revenues over (under) expenditures	<u>1,488,542</u>	<u>8,530,557</u>	<u>(11,480)</u>	<u>(3,070,240)</u>	<u>(383,298)</u>	<u>6,554,081</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	527,016	-	-	1,500,000	121,309	2,148,325
Transfers out	(1,500,000)	(648,325)	-	-	-	(2,148,325)
Proceeds from sale of assets	6,470	-	-	-	-	6,470
Total other financing sources (uses)	<u>(966,514)</u>	<u>(648,325)</u>	<u>-</u>	<u>1,500,000</u>	<u>121,309</u>	<u>6,470</u>
Net change in fund balance	522,028	7,882,232	(11,480)	(1,570,240)	(261,989)	6,560,551
Fund balance, beginning of year	2,335,365	9,889,877	516,283	12,860,484	261,989	25,863,998
Fund balance, end of year	<u>\$ 2,857,393</u>	<u>\$ 17,772,109</u>	<u>\$ 504,803</u>	<u>\$ 11,290,244</u>	<u>\$ -</u>	<u>\$ 32,424,549</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 17)	\$ 6,560,551
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	9,032,600
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	652,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(83,175)</u>
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Change in net position - governmental activities (page 14)	<u><u>\$ 16,161,976</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 5,666,149	\$ 5,841,149	\$ 6,445,020	\$ 603,871
Licenses and permits	940,000	940,000	1,102,744	162,744
Charges for service	1,273,950	1,273,950	1,232,576	(41,374)
Intergovernmental	730,000	738,100	1,057,102	319,002
Garbage	790,000	840,000	827,240	(12,760)
Fines and forfeitures	320,000	320,000	245,164	(74,836)
Cemetery	5,000	5,000	5,710	710
Interest	60,000	60,000	106,371	46,371
Miscellaneous	209,150	223,150	217,955	(5,195)
Contributions and transfers	722,500	2,722,500	527,016	(2,195,484)
Sale of assets	10,000	10,000	6,470	(3,530)
Total revenues	<u>10,726,749</u>	<u>12,973,849</u>	<u>11,773,368</u>	<u>(1,200,481)</u>
<u>EXPENDITURES</u>				
General government				
City council	85,700	103,800	104,207	(407)
Mayor	36,300	36,300	29,848	6,452
Administration	1,103,000	1,128,000	928,573	199,427
Facilities	574,900	574,900	551,354	23,546
Planning and zoning	297,600	297,600	279,659	17,941
Risk management	103,000	108,000	104,682	3,318
Court	288,600	288,600	241,018	47,582
Building inspection	279,350	279,350	224,255	55,095
Code enforcement	191,050	191,050	178,627	12,423
Legal	182,500	182,500	149,353	33,147
Public safety				
Fire and ambulance	1,779,000	2,001,500	1,746,739	254,761
Law enforcement	2,017,000	2,017,000	1,961,315	55,685
Streets and public works	1,945,500	1,945,500	1,677,644	267,856
Parks and recreation	1,151,100	1,162,100	931,851	230,249
Garbage	650,000	650,000	642,215	7,785
Transfers	78,000	2,078,000	1,500,000	578,000
Total expenditures	<u>10,762,600</u>	<u>13,044,200</u>	<u>11,251,340</u>	<u>1,792,860</u>
Net change in fund balance	(35,851)	(70,351)	522,028	592,379
Fund balance, beginning of year	2,335,365	2,335,365	2,335,365	-
Fund balance, end of year	<u>\$ 2,299,514</u>	<u>\$ 2,265,014</u>	<u>\$ 2,857,393</u>	<u>\$ 592,379</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Redevelopment Agency – Special Revenue Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes	\$ 600,000	\$ 600,000	\$ 505,617	\$ (94,383)
Intergovernmental	5,250,000	5,250,000	8,283,421	3,033,421
Interest	-	-	280,612	280,612
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	5,850,000	5,850,000	9,069,650	3,219,650
<u>EXPENDITURES</u>				
General government	150,000	150,000	67,591	82,409
Public safety	80,000	80,000	75,599	4,401
Public works	4,142,000	4,142,000	395,903	3,746,097
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	4,372,000	4,372,000	539,093	3,832,907
Excess of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	1,478,000	1,478,000	8,530,557	7,052,557
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(679,200)	(679,200)	(648,325)	30,875
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	798,800	798,800	7,882,232	7,083,432
Fund balance, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	9,889,877	9,889,877	9,889,877	-
Fund balance, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 10,688,677	\$ 10,688,677	\$ 17,772,109	\$ 7,083,432

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Local Building Authority – Special Revenue Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lease revenue	\$ 404,400	\$ 404,400	\$ 404,004	\$ (396)
Interest	-	-	9,614	9,614
Total revenues	<u>404,400</u>	<u>404,400</u>	<u>413,618</u>	<u>9,218</u>
<u>EXPENDITURES</u>				
General government	14,000	36,000	34,735	1,265
Debt service	<u>390,400</u>	<u>390,400</u>	<u>390,363</u>	<u>37</u>
Total expenditures	<u>404,400</u>	<u>426,400</u>	<u>425,098</u>	<u>1,302</u>
Net change in fund balance	-	(22,000)	(11,480)	10,520
Fund balance at beginning of year	<u>516,283</u>	<u>516,283</u>	<u>516,283</u>	<u>-</u>
Fund balance at end of year	<u>\$ 516,283</u>	<u>\$ 494,283</u>	<u>\$ 504,803</u>	<u>\$ 10,520</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Net Position – Proprietary Fund
June 30, 2020

	Water Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 921
Cash and cash equivalents - restricted	586,005
Receivables:	
Accounts receivable, net	954,065
Total current assets	1,540,991
Investment in water rights and stock	1,635,755
Property, plant and equipment:	
Land	2,383,366
Water distribution system	37,286,095
Autos and trucks	882,532
Machinery and equipment	232,032
Accumulated depreciation	(12,159,462)
Net property, plant and equipment	28,624,563
Total assets	31,801,309
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	76,478
Total deferred outflows of resources	76,478
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	622,895
Accrued liabilities	75,376
Due to other fund	95,000
Accrued compensated absences	27,844
Current portion of long-term debt	292,000
Total current liabilities	1,113,115
Noncurrent liabilities:	
Accrued compensated absences	16,004
Long term debt	2,823,000
Net pension liability	117,334
Total noncurrent liabilities	2,956,338
Total liabilities	4,069,453
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	63,302
Total deferred inflows of resources	63,302
<u>NET POSITION</u>	
Net investment in capital assets	25,509,563
Unrestricted	2,235,469
Total net position	\$ 27,745,032

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2020

	Water Fund
<u>OPERATING REVENUES</u>	
Water sales	\$ 6,617,443
Connection and service fees	443,780
Total operating revenues	7,061,223
<u>OPERATING EXPENSES</u>	
Water purchases	1,772,978
Wages and fringe benefits	1,243,966
Maintenance and engineering	458,223
Office supplies, postage and insurance	38,922
Depreciation and amortization	1,576,461
Other	177,542
Total operating expenses	5,268,092
Operating income	1,793,131
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
State grant	48,000
Interest income	67,605
Interest expense	(94,996)
Impact fees	415,302
Total non-operating revenues	435,911
Income before contributions	2,229,042
Capital contributions	1,248,507
Total other financing sources	1,248,507
Change in net position	3,477,549
Total net position, beginning of year	24,267,483
Total net position, end of year	\$ 27,745,032

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2020

	Water Fund
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 6,697,397
Cash paid to suppliers	(2,385,378)
Cash paid to employees	(1,234,419)
	<u>3,077,600</u>
<u>Cash flows from non-capital financing activities:</u>	
Impact fees	415,302
Due to other funds	95,000
Grants	48,000
	<u>558,302</u>
<u>Cash flow from capital and related financing activities:</u>	
Payments on long-term debt	(283,000)
Interest paid on long-term debt	(101,441)
Interest income received	67,605
Purchase of capital assets	(6,865,785)
	<u>(7,182,621)</u>
Net decrease in cash and cash equivalents	(3,546,719)
Cash and cash equivalents at beginning of year	4,133,645
Cash and cash equivalents at end of year	<u>\$ 586,926</u>

(Continued)

CITY OF BLUFFDALE, UTAH
Statement of Cash Flows – Proprietary Fund (Continued)
For the Year Ended June 30, 2020

	<u>Water Fund</u>
<u>Reconciliation of operating income to net cash provided</u>	
<u>by operating activities:</u>	
Operating income	\$ 1,793,131
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation and amortization expense	1,576,461
Changes in assets and liabilities:	
Increase in accounts receivable	(363,826)
Decrease in deferred outflows	73,600
Increase in accounts payable	62,287
Decrease in accrued liabilities	(19,281)
Increase in deferred inflows	57,436
Decrease in net pension liability	(102,208)
Total adjustments	<u>1,284,469</u>
Net cash provided by operating activities	<u>\$ 3,077,600</u>
Capital and related financing activities not affecting cash:	
Developer contributions of capital assets	<u>\$ 1,248,507</u>

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Statement of Net Position – Fiduciary Fund
June 30, 2020

	Escrow Fund Total
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,450,857
Total assets	4,450,857
<u>LIABILITIES</u>	
Construction and improvement bonds	4,450,857
Total liabilities	4,450,857
<u>NET POSITION</u>	
Unrestricted	-
Total net assets	\$ -

The accompanying notes are an integral part of this financial statement.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of City of Bluffdale, Utah (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City was incorporated in 1978. The City operates under a Council-Mayor form of government. As required by U.S. GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component unit discussed below is included as part of the City's reporting entity as a blended component unit.

The Redevelopment Agency of Bluffdale City (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund as a blended component unit. Separate financial statements are not issued for the RDA.

The Bluffdale City Local Building Authority (LBA) was established to finance and construct municipal buildings that are then leased to the City. The governing board of the LBA is comprised of the Mayor and members of City Council. Although it is a legally separate entity from the City, the LBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the LBA. The LBA is included in these financial statements as the Local Building Authority Special Revenue Fund as a blended component unit. Separate financial statements are not issued for the LBA.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. The latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The governmental funds also include a column for non-major funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an *other financing source*. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Governmental funds do not report donated capital assets received unless the sale of those assets is imminent. The assets are reported in the government-wide financial statements.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds).
- The *Redevelopment Agency Special Revenue Fund* is used to account for financial resources to be used for the re-vitalization of blighted areas within the City. This fund is a blended component unit.
- The *Local Building Authority Special Revenue Fund* is used to account for financial resources to be used for the design and construction of capital assets for the benefit of the City. This fund is a blended component unit.

In addition, the City reports the following nonmajor governmental fund:

- The *SID Special Revenue Fund* is used to account for financial resources and activities of the City's Special Improvement District.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major proprietary fund:

- The *Water Fund* accounts for the activities of the City's water production, treatment and distribution operations.

Additionally, the City reports a fiduciary fund to account for construction and improvement bonds received from developers, as these funds are not considered to be assets and liabilities of the City, who acts as trustee to these funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary (enterprise) funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as *due to or due from other funds*. In the Water fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2020 are not material and are not recorded.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Infrastructure	20 to 50 years
Machinery and equipment	5 to 7 years
Furniture and fixtures	5 to 10 years
Water distribution system	20 to 50 years

Compensated Absences For governmental funds, amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated vacation leave is paid to employees upon termination or retirement.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deferred Inflows and Outflows of Resources Deferred inflows of resources represent an acquisition of net position that applies to a future period and is therefore deferred until that time. The City recognizes deferred inflows of resources related to pensions.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that the amount become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City recognizes deferred outflows related to pensions.

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the applicable debt. Bond issuance costs are reported as an expense of the current period. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as *other financing sources* while discounts on debt issuances are reported as *other financing uses*. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS), and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Cost of capital assets and water stock	\$ 107,766,585
Accumulated depreciation	<u>(25,017,263)</u>
Capital assets, net	<u><u>\$ 82,749,322</u></u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at June 30, 2020 were:

Sales Tax Revenue bonds	\$ 529,000
Lease Revenue Bonds	6,265,000
Premiums	162,958
Interest payable on long-term debt	83,161
Compensated absences	136,805
Pension liability, net	416,629
	\$ 7,593,553
	\$ 7,593,553

Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays and contributions are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlays and contributions	\$ 12,692,564
Depreciation expense	(3,659,964)
	\$ 9,032,600
	\$ 9,032,600

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- For the fiscal year beginning July 1, the Mayor submits a proposed budget to the City Council by the first City Council meeting in May. The budget includes proposed expenditures and the means of financing them.
- By passage of a resolution, the budget is legally enacted on or before June 15, after a public hearing has been held.
- Once adopted, the budget can be amended by subsequent City Council action. The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund. Increased appropriations require a public hearing to amend the budget.
- Interim adjustments of estimated revenues and appropriations, during the year ended June 30, 2020, have been included in the final budget approved by the City Council, as presented in the basic financial statements.
- As determined by state law, the level by which expenditures may not legally exceed appropriations is the total departmental budgets within a given fund.
- Unencumbered appropriations lapse at the end of each fiscal year.

Annual budgets for the General Fund, all Special Revenue Funds and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

The City Council made several supplemental budgetary appropriations throughout the year, including increases and decreases in the general fund. The expenditure appropriations for the fund increased approximately \$2,282,000. The biggest increases were in transfers for \$2,000,000 and fire and ambulance for \$222,000. The other changes were generally spread among the functions and were for general operations items.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year. The City's RDA receives property tax revenues, which are levied and remitted by other governments. As the RDA is not the taxing entity who legally levied this tax, these funds are recorded as intergovernmental revenues. During 2020, \$5,386,162 was remitted to the RDA.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

4. DEPOSITS AND INVESTMENTS

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

As of June 30, 2020, the City's demand deposits amounted to \$1,101,049. Cash equivalents restricted for debt service invested in money market accounts amounted to \$1,126,538.

As of June 30, 2020, the City had investments in the Utah Public Treasurer's Investment Fund of \$34,745,698. The fund is not rated and the weighted average maturity was less than 90 days.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits This is the risk that in the event of a bank failure, the City’s deposits may not be returned. As of June 30, 2020, \$250,000 of the City’s \$2,882,809 bank balance was insured by FDIC limits and, therefore, is not exposed to custodial credit risk. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk – Investments This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer’s Investment Fund is pooled with many other state and local entities and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest Rate Credit Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investments within the Public Treasurer’s Investment Fund have a weighted average maturity of less than ninety days.

Credit Risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer’s Investment Fund, and other instruments that are rated A or higher by Standard & Poor’s or Moody’s. The City only invested in the Utah Public Treasurer’s Investment Fund and U.S. Treasury securities during the year.

Concentration of Credit Risk City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer’s Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company’s credit instruments. The Utah Public Treasurer’s Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

The deposits and investments described above are included on the government-wide statement of net position as follows:

Cash and cash equivalents	\$ 22,767,615
Restricted cash	9,760,133
	\$ 32,527,748

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

5. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2020 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Redevelopment Agency	Water	Total
Receivables:				
Taxes	\$2,201,834	\$ -	\$ -	\$ 2,201,834
Accounts and others	223,775	-	963,065	1,186,840
Intergovernmental	155,416	8,789,038	-	8,944,454
Gross receivables	2,581,025	8,789,038	963,065	12,333,128
Less: allowance for uncollectibles	-	-	(9,000)	(9,000)
Net total receivables	<u>\$2,581,025</u>	<u>\$ 8,789,038</u>	<u>\$ 954,065</u>	<u>\$ 12,324,128</u>

Governmental funds report *deferred revenue* as deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2020, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	Deferred Inflows of Resources	Unearned
Property taxes receivable (General Fund)	\$ 1,549,860	\$ -
Intergovernmental receivable (Redevelopment Agency)	8,789,038	-
Total deferred inflows of resources/ unearned revenue, governmental funds	<u>\$10,338,898</u>	<u>\$ -</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	7/1/19	Increases	Decreases	6/30/20
<u>Governmental activities</u>				
Capital assets:				
Land	\$14,197,507	\$ 3,510,490	\$ -	\$17,707,997
Buildings	14,325,076	91,285	-	14,416,361
Infrastructure	61,297,050	8,688,351	-	69,985,401
Machinery and equipment	5,213,788	402,438	-	5,616,226
Total capital assets	95,033,421	12,692,564	-	107,725,985
Accumulated depreciation:				
Buildings	(2,156,487)	(487,842)	-	(2,644,329)
Infrastructure	(15,689,347)	(2,837,853)	-	(18,527,200)
Machinery and equipment	(3,511,465)	(334,269)	-	(3,845,734)
Total accumulated depreciation	(21,357,299)	(3,659,964)	-	(25,017,263)
Net governmental capital assets	<u>\$73,676,122</u>	<u>\$ 9,032,600</u>	<u>\$ -</u>	<u>\$82,708,722</u>

Capital asset activity for business-type activities for the year ended June 30, 2020 was as follows:

	7/1/19	Increases	Decreases	6/30/20
<u>Business-type activities</u>				
Capital assets:				
Land	\$ 928,780	\$ 1,454,586	\$ -	\$ 2,383,366
Water distribution system	30,724,363	6,561,732	-	37,286,095
Autos and trucks	882,532	-	-	882,532
Machinery and equipment	134,058	97,974	-	232,032
Total capital assets	32,669,733	8,114,292	-	40,784,025
Accumulated depreciation:				
Water distribution system	(9,878,444)	(1,473,359)	-	(11,351,803)
Auto and trucks	(624,265)	(64,627)	-	(688,892)
Machinery and equipment	(80,292)	(38,475)	-	(118,767)
Total accumulated depreciation	(10,583,001)	(1,576,461)	-	(12,159,462)
Net business-type capital assets	<u>\$22,086,732</u>	<u>\$ 6,537,831</u>	<u>\$ -</u>	<u>\$28,624,563</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

6. CAPITAL ASSETS (CONTINUED)

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:	
General government	\$ 344,217
Public safety	358,031
Highways and public improvements	2,459,515
Parks and recreation	498,201
	<u> </u>
Total depreciation expense - governmental activities	<u>\$ 3,659,964</u>
Business-type activities:	
Water	\$ 1,576,461
	<u> </u>
Total depreciation expense - business-type activities	<u>\$ 1,576,461</u>

7. REVENUE BONDS

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2020, by issue, are as follows:

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Outstanding as of 6/30/20</u>
Sales Tax Revenue Refunding Series 2015	\$ 1,022,000	\$115,000 to \$170,000	2.06%	8/1/23	\$ 529,000
Lease Revenue Series 2016	6,705,000	\$145,000 to \$280,000	3.0% to 4.00%	3/1/45	6,265,000
Water Revenue Series 2011	3,573,000	\$50,000 to \$248,000	3.19%	6/1/31	2,511,000
Water Revenue Refunding Series 2015	1,152,000	\$110,000 to \$126,000	2.22%	4/1/25	604,000
	<u>\$ 12,452,000</u>				<u>\$ 9,909,000</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

7. REVENUE BONDS (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 573,000	\$ 338,971	\$ 911,971
2022	591,000	323,476	914,476
2023	606,000	307,552	913,552
2024	624,000	290,334	914,334
2025	499,000	274,077	773,077
2026 - 2030	2,083,000	1,145,997	3,228,997
2031 - 2035	1,703,000	769,116	2,472,116
2036 - 2040	1,470,000	493,669	1,963,669
2041 - 2045	<u>1,760,000</u>	<u>203,063</u>	<u>1,963,063</u>
	<u>\$ 9,909,000</u>	<u>\$4,146,255</u>	<u>\$14,055,255</u>

8. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for governmental activities for the year ended June 30, 2020 was as follows:

	<u>7/1/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/20</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Special improvement district	\$ 373,000	\$ -	\$ (373,000)	\$ -	\$ -
Sales tax revenue	658,000	-	(129,000)	529,000	126,000
Lease revenue	6,415,000	-	(150,000)	6,265,000	155,000
Premium	<u>169,564</u>	<u>-</u>	<u>(6,606)</u>	<u>162,958</u>	<u>6,606</u>
Total bonds payable	7,615,564	-	(658,606)	6,956,958	287,606
Compensated absences	<u>143,688</u>	<u>161,197</u>	<u>(168,080)</u>	<u>136,805</u>	<u>100,894</u>
Governmental activity long-term liabilities	<u>\$ 7,759,252</u>	<u>\$ 161,197</u>	<u>\$ (826,686)</u>	<u>\$ 7,093,763</u>	<u>\$ 388,500</u>

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

8. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for business-type activities for the year ended June 30, 2020 was as follows:

	<u>7/1/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/20</u>	<u>Due in One Year</u>
<u>Business-type activities</u>					
Bonds payable:					
Water revenue	\$ 3,398,000	\$ -	\$ (283,000)	\$ 3,115,000	\$ 292,000
Total bonds payable	3,398,000	-	(283,000)	3,115,000	292,000
Compensated absences	39,883	41,361	(37,396)	43,848	27,844
Business-type activity long-term liabilities	<u>\$ 3,437,883</u>	<u>\$ 41,361</u>	<u>\$ (320,396)</u>	<u>\$ 3,158,848</u>	<u>\$ 319,844</u>

9. INTERFUND TRANSFERS

During the course of normal operations, transfers are made between funds. The following table summarizes the transfers made during the year:

<u>Transfers in</u>	<u>Transfers out</u>		<u>Total</u>
	<u>General</u>	<u>Redevelopment agency</u>	
General fund	\$ -	\$ 527,016	\$ 527,016
Special improvement district	-	121,309	121,309
Capital projects	1,500,000	-	1,500,000
Totals	<u>\$ 1,500,000</u>	<u>\$ 648,325</u>	<u>\$ 2,148,325</u>

10. OTHER INFORMATION

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance through the Utah Local Government Insurance Trust for all of these risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. City Management estimates that the amount of other actual or potential claims against the City as of June 30, 2020 will not materially affect the financial condition of the City.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

10. OTHER INFORMATION (CONTINUED)

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$8,789,038 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2020.

During the year ended June 30, 2020, funds expended by the RDA were limited to the categories of general government for \$67,591, public safety for \$75,599, and public works for \$395,903.

11. PENSION PLANS

General Information about the Pension Plan

Plan description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning work on or after July 1, 2011, who has no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement System, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Benefits Provided

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.00% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.50% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age	1.50% per year to June 2020	Up to 2.5%
		20 years age 60*		
		10 years age 62*	2.00% per year July 2020 to present	
		4 years age 65		

*Actuarial reductions are applied

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2020 are as follows:

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Contributions (Continued)

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
11-Local Governmental Div - Tier 1	6.00%	14.46%	N/A
111-Local Governmental Div - Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15-Local Government Div - Tier 1	N/A	18.47%	N/A
Firefighters Retirement System			
32 Other Division B	16.71%	7.24%	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.38%	0.70%
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
232 Firefighters	N/A	0.08%	12.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 179,971	N/A
Tier 2 Public Employees System	178,594	-
Tier 2 Public Safety and Firefighter	7,893	-
Tier 2 DC Only	20,443	N/A
Total Contributions	<u>\$ 386,901</u>	<u>\$ -</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At June 30, 2020, the City reported a net pension asset of \$0 and a net pension liability of \$586,668.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions (Continued)

	(Measurement Date): December 31, 2019			Proportionate Share December 31, 2018	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 563,244	0.1494461%	0.1439537%	0.0054924%
Tier 2 Public Employees System	-	18,412	0.0818659%	0.0842863%	-0.0024204%
Tier 2 Public Safety and Firefighter System	-	5,012	0.0532827%	0.0628969%	-0.0096142%
	<u>\$ -</u>	<u>\$ 586,668</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, the City recognized pension expense of \$530,758.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,883	\$ 14,412
Changes in assumptions	68,705	574
Net difference between projected and actual earnings on pension plan investments	-	300,222
Changes in proportion and differences between contributions and proportionate share of contributions	64,726	1,300
Contributions subsequent to the measurement date	191,075	-
Total	<u>\$ 382,389</u>	<u>\$ 316,508</u>

\$191,075 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2019.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 14,229
2021	(53,630)
2022	12,579
2023	(112,445)
2024	1,992
Thereafter	12,082

Noncontributory System Pension Expense, Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$412,543.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,234	\$ 8,091
Changes in assumptions	59,654	-
Net difference between projected and actual earnings on pension plan investments	-	284,837
Changes in proportion and differences between contributions and proportionate share of contributions	50,189	-
Contributions subsequent to the measurement date	88,467	-
Total	<u>\$ 249,544</u>	<u>\$ 292,928</u>

\$88,467 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 16,384
2021	(51,773)
2022	11,828
2023	(108,290)
2024	-
Thereafter	-

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$103,499.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,151	\$ 6,319
Changes in assumptions	7,862	529
Net difference between projected and actual earnings on pension plan investments	-	14,153
Changes in proportion and differences between contributions and proportionate share of contributions	13,492	-
Contributions subsequent to the measurement date	99,880	-
Total	<u>\$ 126,385</u>	<u>\$ 21,001</u>

\$99,880 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (1,979)
2021	(1,703)
2022	715
2023	(3,821)
2024	1,841
Thereafter	10,453

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$14,716.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,498	\$ 2
Changes in assumptions	1,190	45
Net difference between projected and actual earnings on pension plan investments	-	1,232
Changes in proportion and differences between contributions and proportionate share of contributions	1,045	1,300
Contributions subsequent to the measurement date	2,728	-
Total	\$ 6,461	\$ 2,579

\$2,278 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (175)
2021	(154)
2022	36
2023	(334)
2024	151
Thereafter	1,629

Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return or each major asset class are summarized in the following table:

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Actuarial assumptions (Continued)

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Sensitivity to the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 1,759,203	\$ 563,244	\$ (434,176)
Tier 2 Public Employees System	158,777	18,412	(90,064)
Tier 2 Public Safety and Firefighter	17,705	5,012	(4,411)
Total	<u>\$ 1,935,685</u>	<u>\$ 586,668</u>	<u>\$ (528,651)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Bluffdale City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

CITY OF BLUFFDALE, UTAH
Notes to the Financial Statements (Continued)
June 30, 2020

11. PENSION PLANS (CONTINUED)

Defined Contribution Savings Plans (Continued)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	<u>2020</u>		<u>2019</u>		<u>2018</u>
401(k) Plan					
Employer Contributions	\$ 247,329	\$	230,507	\$	175,627
Employee Contributions	121,493		130,764		94,098
457 Plan					
Employer Contributions	76,910		64,451		43,331
Employee Contributions	60,261		33,205		27,978
Roth IRA Plan					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	15,113		14,048		12,102

12. SUBSEQUENT EVENTS

In September 2020, the City issued \$10,107,000 in Water Revenue and Refunding Bonds, Series 2020 A&B. The proceeds were used to refund \$2,339,345 of the outstanding Series 2011 Water Revenue Bonds, \$7,942,730 will be used for water projects, and \$79,848 was used to pay issuance costs. The City refunded the Series 2011 Water Revenue Bonds to reduce its total debt service payments by \$409,015 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$154,093.

CITY OF BLUFFDALE, UTAH
Schedule of the Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Special assessments	\$ 2,103,000	\$ 2,103,000	\$ 2,898,510	\$ 795,510
Intergovernmental	5,074,500	5,074,500	473,359	(4,601,141)
Interest	1,000	1,000	201,829	200,829
Miscellaneous	54,000	54,000	34,030	(19,970)
	<u>7,232,500</u>	<u>7,232,500</u>	<u>3,607,728</u>	<u>(3,624,772)</u>
<u>EXPENDITURES</u>				
Streets and public works	14,894,400	14,918,900	6,486,442	8,432,458
Parks and recreation	1,522,000	1,247,000	50,300	1,196,700
Debt service	150,000	150,000	141,226	8,774
	<u>16,566,400</u>	<u>16,315,900</u>	<u>6,677,968</u>	<u>9,637,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,333,900)</u>	<u>(9,083,400)</u>	<u>(3,070,240)</u>	<u>6,013,160</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>-</u>	<u>2,000,000</u>	<u>1,500,000</u>	<u>(500,000)</u>
Net change in fund balance	(9,333,900)	(7,083,400)	(1,570,240)	5,513,160
Fund balance at beginning of year	<u>12,860,484</u>	<u>12,860,484</u>	<u>12,860,484</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,526,584</u>	<u>\$ 5,777,084</u>	<u>\$ 11,290,244</u>	<u>\$ 5,513,160</u>

CITY OF BLUFFDALE, UTAH
Schedule of the Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – Special Improvement District – Special Revenue Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest	\$ 3,000	\$ 3,000	\$ 5,740	\$ 2,740
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>5,740</u>	<u>2,740</u>
<u>EXPENDITURES</u>				
Debt service	390,000	390,000	389,038	962
Total expenditures	<u>390,000</u>	<u>390,000</u>	<u>389,038</u>	<u>962</u>
Excess (deficiency) of revenues over (under) expenditures	(387,000)	(387,000)	(383,298)	3,702
<u>OTHER FINANCING SOURCES</u>				
Transfer in	-	-	121,309	121,309
Net change in fund balance	(387,000)	(387,000)	(261,989)	125,011
Fund balance at beginning of year	<u>261,989</u>	<u>261,989</u>	<u>261,989</u>	<u>-</u>
Fund balance at end of year	<u>\$ (125,011)</u>	<u>\$ (125,011)</u>	<u>\$ -</u>	<u>\$ 125,011</u>

CITY OF BLUFFDALE, UTAH
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	Noncontributory Retirement System	Contributory Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
2020				
Proportion of the net pension liability (asset)	0.1494461%	0.0000000%	0.0818659%	0.0532827%
Proportionate share of the net pension liability (asset)	\$563,243	\$0	\$18,412	\$5,012
Covered employee payroll	\$1,075,153	\$81,394	\$1,138,027	\$87,825
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.39%	0.00%	1.62%	5.71%
Plan fiduciary net position as a percentage of the total pension liability	93.70%	0.00%	96.50%	89.60%
2019				
Proportion of the net pension liability (asset)	0.1439537%	0.0000000%	0.0842863%	0.0628969%
Proportionate share of the net pension liability (asset)	\$1,060,035	\$0	\$36,098	\$1,576
Covered employee payroll	\$1,058,939	\$76,093	\$981,488	\$84,067
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.10%	0.00%	3.68%	1.87%
Plan fiduciary net position as a percentage of the total pension liability	87.00%	91.20%	90.80%	95.60%
2018				
Proportion of the net pension liability (asset)	0.1422440%	0.0000000%	0.0783930%	0.0716233%
Proportionate share of the net pension liability (asset)	\$623,214	\$0	\$6,912	(\$829)
Covered employee payroll	\$1,039,892	\$68,358	\$766,572	\$75,572
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.93%	0.00%	0.90%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	91.90%	98.20%	97.40%	103.00%
2017				
Proportion of the net pension liability (asset)	0.1383070%	0.0000000%	0.0731596%	0.0000000%
Proportionate share of the net pension liability (asset)	\$888,100	\$0	\$8,161	\$0
Covered employee payroll	\$1,025,838	\$60,166	\$599,964	\$0
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.57%	0.00%	1.36%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	87.30%	92.90%	95.10%	0.00%
2016				
Proportion of the net pension liability (asset)	0.0626162%	1.6964176%	0.0745151%	0.0000000%
Proportionate share of the net pension liability (asset)	\$354,313	\$1,192,335	(\$163)	\$0
Covered employee payroll	\$475,440	\$607,957	\$481,404	\$0
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	74.52%	196.12%	-0.03%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	85.70%	100.20%	0.00%
2015				
Proportion of the net pension liability (asset)	N/A	2.2216079%	0.0679200%	0.0000000%
Proportionate share of the net pension liability (asset)	N/A	\$640,808	(\$2,058)	\$0
Covered employee payroll	N/A	\$1,052,462	\$333,812	\$0
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	60.9%	-0.6%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	N/A	94.0%	103.5%	0.0%

Note:

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

CITY OF BLUFFDALE, UTAH
Schedule of Pension Contributions
Last Ten Fiscal Years

	As of fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System	2015	\$ -	\$ -	-	\$ -	0.00%
	2016	180,430	180,430	-	976,879	18.47%
	2017	185,047	185,047	-	1,017,081	18.19%
	2018	175,641	175,641	-	1,025,525	17.13%
	2019	181,294	181,294	-	1,099,528	16.49%
	2020	179,971	179,971	-	1,129,739	15.93%
Tier 2 Public Employees System*	2015	\$ 72,746	\$ 72,746	-	\$ 436,973	16.65%
	2016	78,378	78,378	-	516,631	15.17%
	2017	99,675	99,675	-	668,508	14.91%
	2018	128,603	128,603	-	851,109	15.11%
	2019	176,419	176,419	-	1,134,777	15.55%
	2020	178,594	178,594	-	1,140,447	15.66%
Tier 2 Public Safety and Firefighter System*	2015	\$ -	\$ -	-	\$ -	0.00%
	2016	-	-	-	-	0.00%
	2017	3,289	3,289	-	30,596	10.75%
	2018	8,958	8,958	-	82,793	10.82%
	2019	10,059	10,059	-	88,693	11.34%
	2020	7,893	7,893	-	69,356	11.38%
Tier 2 Public Employees DC Only System*	2015	\$ 1,006	\$ 1,006	-	\$ 11,866	8.48%
	2016	6,022	6,022	-	87,407	6.89%
	2017	6,022	6,022	-	116,923	5.15%
	2018	9,801	9,801	-	146,496	6.69%
	2019	14,563	14,563	-	217,686	6.69%
	2020	20,443	20,443	-	305,576	6.69%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

CITY OF BLUFFDALE, UTAH
Notes to the Required Supplementary Information
June 30, 2020

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement patterns in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unrecorded retirement prior to age 65.



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
- JASON L. TANNER, CPA
- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and City Council
City of Bluffdale, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bluffdale, Utah (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBMC, LLC

December 2, 2020



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Major and City Council
City of Bluffdale, Utah

Report On Compliance with General State Compliance Requirements

We have audited City of Bluffdale, Utah's (the City) compliance with general and major State program compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2020.

General state compliance requirements were tested for the year ended June 30, 2020 in the following areas:

- | | |
|------------------------------|---------------------------------------|
| Budgetary Compliance | Fund Balance |
| Justice Court | Restricted Taxes and Related Revenues |
| Open and Public Meetings Act | Fraud Risk Assessment |
| Enterprise Fund Transfers | |

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion, City of Bluffdale, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

ABMC, LLC

December 2, 2020